

DATE: Mar. 9, 2011

NEWS MEDIA CONTACT
Larry Persily (907) 351-8276
Jennifer Thompson (202) 406-0815

Federal Coordinator comments on open season negotiations

Anchorage -- Alaska Natural Gas Transportation Projects Federal Coordinator Larry Persily today released the following statement regarding ongoing open season negotiations for a North Slope gas pipeline.

Denali's statement Monday that it is continuing commercial negotiations with potential natural gas pipeline shippers was expected. Although the pipeline venture had hoped to announce successful results this month of its open season bidding for pipeline capacity, the immense cost, complexity and risk of the undertaking are making it harder for Denali -- and the other pipeline venture, the Alaska Pipeline Project -- to meet their self-imposed timelines to conclude negotiations.

Continuing negotiations are part of the process and do not equate to a failed open season. Rather, I hope they are a temporary delay, though certainly a frustrating delay to Alaskans who have been waiting years for a North Slope gas pipeline, and to the project developers that have spent more than \$500 million in the past decade in an effort to pull together a commercially viable pipeline project.

The fact that negotiations continue between the two project development teams and potential shippers means there is still the opportunity to put together a deal that would bring jobs, natural gas and public revenues to Alaska for decades. The fact that negotiations continue is another opportunity for the state to engage the North Slope producers, which will underwrite financing for the gas line, in discussions of possible fiscal terms for the largest private-sector energy project in North American history.

The state's fiscal terms would make a difference to the economics of the project, just as the loan guarantees and expedited timeline for the environmental impact statement in federal law will make a difference.

-end-